

**STATE OF NEW JERSEY  
REQUEST FOR QUALIFICATIONS FOR  
ASSET MONETIZATION FINANCIAL ADVISOR  
DATED AUGUST 15, 2006**

**RESPONSES TO QUESTIONS AND CLARIFICATIONS**

Below are responses to questions that were posed by the deadline of August 21, 2006 set forth in the Request for Qualifications.

Question

1. Will a prime contractor be able to serve as a lender for any PPP project?

Answer

1. *A prime contractor selected as Advisor or any subcontractor thereto may serve as a lender only after such Advisor or subcontractor has (i) completed work pursuant to the terms of the Contract for Advisory Services ("Advisory Contract") entered into between the Advisor and the State, or (ii) had its services as Advisor or subcontractor terminated by the State pursuant to the terms of the Advisory Contract. Note that any subsequent roles the Advisor and/or its subcontractor(s) may undertake will be subject to the terms of a confidentiality agreement required as part of the contractual arrangement between the Advisor and the State.*

Question

2. If there is a subcontractor and the subcontractor was serving as advisor to the debt transaction(s), would the prime contractor be able to serve as a bank lender?

Answer

2. *Neither a subcontractor nor a prime contractor may serve as Advisor to the State while also performing a lending role or advisory role to a lender.*

Question

3. I would like to make sure that we understand the differences between Qualifications 1 and 2 because I am somewhat unclear. It would seem that, if a firm meets the requirements of Number 2, it would automatically meet the requirements of Number 1. On the other hand, "completing assignments" might be read to mean preliminary work that was done in order to position a transaction for market, but not having actually placed the transaction into the market, or not having completed the transaction. Is this an accurate reflection of the differences between Qualifications 1 and 2?

Answer

3. *If a firm completes a transaction for which it had also provided advisory services, then yes, meeting minimum requirement #2 would also result in meeting minimum requirement #1.*

*Minimum requirement #1 does not require a transaction to be completed or executed; however, an advisory assignment must have been completed pursuant*

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*to its terms. For instance, execution of a transaction was not a requirement of the advisory relationship or the client chose not to pursue a transaction.*

Question

4. Will it be considered a conflict of interest if a financial advisor has clients or other business relationships with potential bidders for state assets?

Answer

4. *The Advisor to the State will not be permitted to act as a lender or bidder nor advise lenders or bidders for state assets during the term of the Advisory Contract with the State, until the Advisory Contract is completed pursuant to its terms or the State has terminated the Advisory Contract pursuant to its terms. Any relationships that the Advisor enters into subsequent to the completion or termination of the Advisory Contract with the State will be subject to a confidentiality agreement with the State.*

Question

5. Is the engagement of a subcontractor by a responding firm limited only to Minimum Requirement #3 or may a subcontractor be used for Minimum Requirements #1 and #2 as well?

Answer

5. *Minimum Requirements #1 and #2 must be met by the primary contractor.*

Question

6. Is there any prohibition that would disallow firms who have been invited to be a subcontractor by more than one firm from being included in the responses of more than one advisory team? In other words, if two firms request that the same firm serve as a subcontractor to them, is it permissible for both firms proposing to include that firm as part of their team?

Answer

6. *A subcontractor may be used to meet the minimum requirements in only 1 proposal.*

Question

7. Is a firm that is included in the State's advisory pool limited in any way from being an investor in assets - real property, concession, lease or contracts - that the State may choose to offer for bid, whether or not they have served as an adviser to the State in regard to the monetization of that particular (class of) asset?

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Answer

7. *To the extent a firm is in the advisory pool, but not hired to serve as an Advisor pursuant to an Advisory Contract, the firm may bid on State assets. If a firm has been contracted as an Advisor to the State the restrictions noted above in Question #1 would then apply.*

Question

8. With reference to Section 6.1 Technical Proposal, Question 10, you request timetables for two different types of transactions:

- a. Long term concession arrangement;
- b. Equity sale to a private entity.

Can you please clarify the distinction that you are drawing between these two privatization methods?

Is the distinction one of temporary vs. permanent transfer of ownership; or perhaps timing of the monetization?

Answer

8. *A long term concession agreement results in the asset reverting to the State at the end of the term of the concession. An equity sale to a private entity results in a permanent transfer of ownership.*